

## 702 KAR 3:270. SEEK funding formula.

RELATES TO: KRS 156.035, 156.070, 157.320, 157.360, 157.370, 157.390, 157.410, 157.430, 157.440, 157.615, 157.620(1)(a), 158.060(1), 158.135, 160.470, 160.476

STATUTORY AUTHORITY: KRS 156.035, 156.070, 156.160(1)(j)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.035 and 156.070 set forth the Kentucky Board of Education's plenary powers over the management and control of local school districts and disbursement of state appropriations. KRS 156.160(1)(j) requires the Kentucky Board of Education to promulgate administrative regulations for the preparation of budgets and salary schedules for the school districts under its management and control. This administrative regulation is necessary to provide guidelines for the calculations to distribute the funds to school districts through the program to Support Education Excellence in Kentucky (SEEK).

Section 1. Definitions. (1) "At-risk student amount" means fifteen (15) percent of the per pupil guaranteed base funding amount calculated pursuant to KRS 157.360 times the sum of the average daily membership of students approved for free meals the prior fiscal year and the number of state agency children served pursuant to KRS 158.135.

(2) "Calculated base SEEK funding" means the guaranteed base funding provided in the biennial budget pursuant to KRS 157.360(1) plus the add-on components of the SEEK calculation including at-risk, home and hospital, students with disabilities, and transportation pursuant to KRS 157.390(5) and the add-on calculation for students with Limited English Proficiency.

(3) "Collection rate" means the tax receipts collected for the prior year divided by the maximum revenue collectible.

(4) "Exceptional child amount" means the December 1 exceptional child count of the preceding fiscal year by exceptionality weighted as follows:

(a) 2.35 times the per pupil base funding amount calculated pursuant to KRS 157.360(1) for students with severe disabilities;

(b) 1.17 times the per pupil base funding amount calculated pursuant to KRS 157.360(1) for students with moderate disabilities; and

(c) .24 times the per pupil base funding amount calculated pursuant to KRS 157.360(1) for students with communications disabilities.

(5) "Growth" means the percent change in the second month average daily attendance times the prior year adjusted average daily attendance pursuant to KRS 157.360(8).

(6) "Home and hospital instruction amount" means the total of the prior year's home and hospital average daily attendance times the per pupil base funding amount calculated pursuant to KRS 157.360(1), less the allotment for capital outlay as set forth in the biennial budget.

(7) "LEP" means a student with Limited English Proficiency, as defined in 703 KAR 5:001, Section 1(52).

(8) "Levied equivalent tax rate" means estimated permissive tax revenue plus the current year's levied real estate tax rate, tangible tax rate and motor vehicle tax rate per \$100 of assessed value times the current year's assessment of real estate, tangible property and motor vehicles times the prior year's collection rate divided by the total current year's property and motor vehicle assessment.

(9) "Maximum revenue collectible" means the figure determined by multiplying the sum of the respective yields of the prior year levied rates by the prior year assessed values of real estate, tangible property and motor vehicles, and then adding the result to the prior year's permissive tax revenue.

(10) "Net General Fund SEEK" means Total State SEEK minus any allocation for Capital Outlay.

(11) "Partial Day" means a day containing less time than a regular school day which a student attends on a regular basis as approved by the local board of education.

(12) "State equalization amount" means 150 percent of the statewide average per pupil property assessment as provided in the biennial budget.

(13) "Tier I revenue" means revenue produced by a school district tax levy which, when equalized by state funds with the state equalization amount established by KRS 157.440(1)(a), generates up to the maximum revenue allowable under KRS 157.440(1)(a).

(14) "Transportation funding" means prior fiscal year calculated transportation costs for students in grades primary through twelve (12) transported by school districts as calculated pursuant to KRS 157.370 and 702 KAR 5:020 adjusted by current year second month growth in transported students.

Section 2. SEEK Calculation Formula. (1) Required data for the SEEK calculation shall include:

(a) Property assessments from the Department of Revenue provided pursuant to KRS 160.470(5);

(b) Tax rates levied by school districts;

(c) Equivalent tax rates based on tax levies;

(d) Home and hospital average daily attendance reported on the Superintendent's Annual Attendance Report (SAAR);

(e) Prior year adjusted average daily attendance (AADA) reported on the SAAR (calculated according to the formula in subsection (4) of this section);

(f) The growth factor report;

(g) Transportation funding calculated pursuant to KRS 157.370 and 702 KAR 5:020;

(h) The prior year average daily membership of students approved for free lunch reported through the student information system;

(i) The number of exceptional students ages five (5) through twenty (20) in each disability category on December 1 of each year as reported through the student information system;

(j) The number of LEP students as reported through the student information system; and

(k) The state equalization amount as provided in the biennial budget.

(2) Assumptions used in the SEEK calculation shall include:

(a) Equivalent tax rates (ETR) shall be the lower of the ETR levied in the prior odd numbered year under KRS 157.440 and the current year; and

(b) Percentage reduction in the allotments may be made to at-risk student, exceptional child, LEP, and home and hospital instruction amounts and to the state portion of Tier I funding and to transportation funding due to appropriations in the biennial budget.

(3) AADA shall be calculated for students in grades primary through twelve (12) as follows:

(a) Average daily attendance (ADA) shall be calculated as required by the definition in KRS 157.320(1).

(b) AADA shall be determined as follows:

1. Subtract the total of the following items from the ADA:

a. The ADA for noncontract, nonresident students as reported by local school districts;

b. One-half (1/2) of the total aggregate kindergarten days attendance divided by the number of days taught; and

c. The ADA for over-age students and under-age students not qualifying for funding pursuant to 702 KAR 7:125; and

2. Add the ADA for virtual school and performance based learning to the result of subparagraph 1 of this paragraph.

(4) The SEEK calculation shall be determined as follows:

(a) Calculated base SEEK funding shall be determined as follows:

1. Multiply the sum of prior year AADA plus growth by the per pupil guaranteed base funding amount calculated pursuant to KRS 157.360(1).
2. Add the following items to the result of the calculation in subparagraph 1 of this paragraph:
  - a. The at-risk student amount;
  - b. The home and hospital instruction amount;
  - c. The exceptional child amount;
  - d. The transportation amount; and
  - e. The LEP student amount.
- (b) The calculated state SEEK portion shall be the calculated base SEEK funding minus the local effort required pursuant to KRS 157.390(5).
- (c) The total state SEEK funding amount shall be determined as follows:
  1. Add the total of the following items to determine a subtotal
    - a. The Calculated State SEEK portion;
    - b. The total state Tier I funding, in accordance with subsection (6) of this section;
    - c. The hold harmless provision, if provided in the biennial budget; and
    - d. the pro rata adjustments under KRS 157.430, if any.
  2. Apply prior year adjustments, if any, to the subtotal in subparagraph 1 of this paragraph.
- (5)(a) The Calculated Base SEEK Funding used in determining Tier I tax rate and funding levels shall include the full value of all add-on items before application of any pro rata reductions.
- (b) The maximum Tier I equivalent tax rate allowable pursuant to KRS 157.440(1) shall be determined as follows:
  1. Multiply the per pupil Calculated Base SEEK Funding by fifteen (15) percent.
  2. Divide the product of subparagraph a. of this paragraph by the greater of the state equalization amount and the local district per pupil assessment.
  3. Add the required minimum equivalent tax rate under KRS 160.470 and KRS 157.620(1)(a) and any other equivalent tax rates restricted to the building fund as authorized by the General Assembly to the result of subparagraph b. of this paragraph.
- (6) State Tier I funding formula.
  - (a) For local districts which have levied at or above the maximum Tier I equivalent tax rate under KRS 157.440(1)(a), the state Tier I funding formula shall be determined as follows:
    1. Calculate the total Tier I revenue by multiplying the total Calculated Base SEEK Funding pursuant to KRS 157.360 times the maximum Tier I participation of fifteen (15) percent pursuant to KRS 157.440(1)(a).
    2. Calculate the total per pupil Tier I revenue by dividing the total Tier I revenue by the sum of the prior year AADA plus growth.
    3. Calculate the per pupil local portion Tier 1 funding by dividing the local district per pupil assessment by the state equalization amount and multiplying the result by the total per pupil Tier I revenue.
    4. Calculate the state portion per pupil Tier I funding by subtracting the per pupil local portion Tier I funding from the total per pupil Tier I revenue.
  5. The total state Tier I funding shall be determined as follows:
    - a. Multiply the state portion per pupil Tier I funding by the sum of the prior year AADA plus growth.
    - b. Subtract any pro rata adjustments due to appropriation in the biennial budget from the product of subparagraph a. of this paragraph.
  - (b) For local districts which have not levied at or above the maximum Tier I equivalent tax rate under KRS 157.440(1)(a), the state Tier I funding formula shall be determined as follows:
    1. Calculate the levied Tier I equivalent tax rate by subtracting the following items from the levied equivalent tax rate:

- a. The required minimum equivalent tax rate under KRS 160.470 and KRS 157.620(1)(a); and
  - b. Other equivalent tax rates restricted to the building fund as authorized by the General Assembly.
2. Calculate the per pupil total Tier I revenue by multiplying the levied Tier I equivalent tax rate times the state equalization amount.
  3. Calculate the per pupil local portion Tier I funding by dividing the local district per pupil assessment by the state equalization amount and multiplying the result by the total per pupil Tier I revenue.
  4. Calculate the state portion per pupil Tier I funding by subtracting the per pupil local portion Tier I funding from the per pupil total Tier I revenue.
  5. The total state Tier I funding shall be determined as follows:
    - a. Multiply the state portion per pupil Tier I funding by the sum of the prior year AADA plus growth.
    - b. Subtract any pro rata adjustments due to appropriation in the biennial budget from the product of subparagraph a. of this paragraph.

**Section 3. Calculation of State Equalization for the Facilities Support Program of Kentucky (FSPK) and Other Equalized Levies Restricted to the Building Fund.**

- (1) Data required for the state FSPK equalization formula shall include:
  - (a) Property assessments from the Department of Revenue, as required by KRS 160.470(5);
  - (b) Equivalent tax rates based on tax levies from school districts;
  - (c) Prior year AADA plus growth; and
  - (d) State equalization amount.
- (2) A school district shall not receive state equalization funds until the full equivalent tax required for participation has been levied.
- (3) The state FSPK equalization amount eligibility calculation shall be determined as follows:
  - (a) The per pupil state FSPK equalization amount shall be determined as follows:
    1. Calculate the maximum eligibility amount by multiplying the state equalization amount times the required tax levy under KRS 157.440.
    2. Calculate the local effort by multiplying the per pupil assessment times the required equivalent tax levy under KRS 157.440.
    3. Subtract the local effort from the maximum eligibility amount.
  - (b) The state FSPK equalization amount shall be determined by multiplying the following three (3) items:
    1. The per pupil state FSPK equalization amount;
    2. The prior year AADA plus growth; and
    3. The pro rata adjustments, if any, due to the appropriation in the biennial budget. (20 Ky.R. 3378; 21 Ky.R. 442; eff. 12-1-1994; 23 Ky.R. 1429; 2468; 12-5-1996; 34 Ky.R. 2231; 35 Ky.R. 556; eff. 9-8-2008; Crt eff. 11-16-2018.)